

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 DOTE-00

EB-12 INR-11 NSAE-00 RSC-01 FAA-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SP-03 SS-20 USIA-15 EURE-00

TRSE-00 SAJ-01 IO-14 DRC-01 (ISO) W
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P R 041634Z OCT 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 5472

INFO USMISSION BERLIN PRIORITY

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 15723

E.O. 11652: GDS

TAGS: PFOR, EAIR, WB, US, UK, FR, GW

SUBJECT: CIVAIR: MOVE TO TEGEL

REF: STATE 213208

1. SUMMARY: PAA BERLIN DIRECTOR RUNNETTE STILL HAS PROBLEMS RE TEGEL MOVE WHICH HE OUTLINED TO AMB AND EMBOFFS DURING CALL AT EMBASSY. WE BELIEVE BEST COURSE OF ACTION IS TO MOVE AHEAD ON FEES AND RENTALS WHILE PROVIDING PAA THE MAXIMUM SUPPORT POSSIBLE IN ITS EFFORTS TO RESOLVE OUTSTANDING ISSUES RELATED TO THE COST OF MOVING TO TEGEL. END SUMMARY.

2. PAA DIRECTOR RUNNETTE CALLED AT THE EMBASSY OCTOBER 1, TO REVIEW WITH AMB, ECON/COMM MIN AND CAA PROBLEMS CONFRONTING PAA'S GERMAN OPERATIONS. ALTHOUGH RUNNETTE RAISED SEVERAL UNRELATED ISSUES (WHICH WE WILL BE REPORTING ON BY SEPTTEL), RUNNETTE'S MAIN FOCUS WAS ON TEGEL MOVE. IN GENERAL PAA FINDS THE TERMS OFFERED BY THE BERLIN AIRPORT CO. (BFG) AS
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FAVORABLE AS COULD BE HOPED FOR AND RUNNETTE WOULD

EXPECT THE PAA BOARD TO GIVE FINAL APPROVAL TO THE MOVE IN EARLY NOVEMBER. THERE REMAINED, HOWEVER, A VERY SLIGHT POSSIBILITY THAT THE BOARD WOULD BE UNABLE TO APPROVE THE MOVE BECAUSE OF PAA'S FINANCIAL SITUATION WHICH COULD WORSEN AFTER NOVEMBER 1.

3. RUNNETTE STRESSED THE IMPORTANCE PAA ATTACHED TO AVOIDING ANY GREATER OUTLAY OF FUNDS RELATED TO THE MOVE THAN WOULD BE NECESSARY IF PAA REMAINED IN TEMPLEHOF. HE THEREFORE WISHED TO ESTABLISH THAT THE SENAT SUBSIDY WOULD BE AVAILABLE AS SOON AS PAA INCURRED COSTS AT TEGEL -- WHICH COULD BE THE CASE WELL IN ADVANCE OF THE FINAL MOVING DAY. MOREOVER, RUNNETTE SAID HE WOULD PREFER THAT THE CAAS APPROVE THE NEW LANDING FEES TO TAKE EFFECT WHEN PAA/BEA COMPLETE THEIR MOVE RATHER THAN APRIL 1, 1975, AS PROVIDED FOR IN THE BFG DRAFT CONTRACT. RUNNETTE BELIEVED THAT THE LANDING FEE ISSUE COULD BE USED EFFECTIVELY AS A LEVER TO INDUCE GERMAN CONCESSIONS ON TEGEL AND OTHER ISSUES.

4. EMB CAA POINTED OUT THAT PROMPT ALLIED ACTION ON TEGEL SOUTH RENTS WAS UNAVOIDABLE SINCE THE AIRPORT WAS SCHEDULED TO OPEN NOVEMBER 1 AND AIR FRANCE AND BRITISH SUPPLEMENTALS WERE PREPARED TO SIGN BFG CONTRACT -- A LINE OF REASONING THAT RUNNETTEE ACCEPTED. RE RENTS AND PARKING FEES, WE TOLD RUNNETTE WE BELIEVED THERE WAS LITTLE TO BE GAINED BY NOT APPROVING THE LANDING FEES EFFECTIVE APRIL 1, PARTICULARLY IN VIEW OF PAA'S/BA'S INTENTION TO APPLY FOR A FARE INCREASE LATER THIS YEAR WHICH WOULD TAKE INTO ACCOUNT THE INCREASED COSTS TO THE AIRLINES. WE EMPHASIZED REFUSAL TO APPROVE THE LANDING FEES WAS

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 15723

NO LONGER IN OUR VIEW A USEFUL NEGOTIATING DEVICE
GIVEN (1) THE LENGTH OF TIME THE BFG'S APPLICATION
HAD BEEN OUTSTANDING AND THE FRG'S STRONG COMMITMENT
TO RESOLVING THE ISSUE. (2) THE NEED FOR SEEKING
FRG SUPPORT ON THE FORTHCOMING FARE INCREASE EXERCISE
AND OTHER BERLIN CIVIL AIR RELATED ISSUES. INDEED,
PAA'S BEST NEGOTIATING TOOL REMAINS ITS WILLINGNESS
TO TRANSFER ITS OPERATIONS TO TEGEL; ALTHOUGH
EVERYONE RECOGNIZES THE MOVE COULD PROBABLY NOT BE
POSTPONED INDEFINITELY.

5. WE SAID THAT WE WOULD IMPRESS UPON THE GERMANS THE
IMPORTANCE OF MAKING THE SUBSIDY AVAILABLE TO PAN AM
AS SOON AS COSTS WERE INCURRED AT TEGEL. SINCE
PAN AM'S CONTRACT DRAFT PROVIDES THAT SUBSIDIES WILL
BE PAID WHEN ALL TRAFFIC HAS BEEN MOVED TO TEGEL SOUTH,
A SOLUTION TO THIS PROBLEM WOULD REQUIRE SOME
RENEGOTIATION WITH THE BFG/SENAT. MOREOVER, A QUESTION
HAS ARISEN AS TO WHETHER PAA CAN, IN FACT, CONTINUE
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ITS CHARTER OPERATIONS FROM TEGEL NORTH AFTER
NOVEMBER 1 AS RUNNETTE NOW BELIEVES IS THE CASE.

6. COMMENT: RE REFTTEL, WE HAVE INFORMED THE FONOFF
THAT WE ARE PREPARED TO MOVE AHEAD ON FEES AND RENTALS
AND HAVE BEGUN TO WORK OUT THE MECHANICS WITH THE
FRENCH AND UK CAAS. THE LATTER TOLD US THAT DESPITE
SOME REMAINING PROBLEMS WITH THE MOVE, BA AND THE UK
SUPPLEMENTALS HAD NO OBJECTIONS TO ACTING ON THE
RENTS AND RATES AS PROVIDED FOR IN THE DRAFT CONTRACTS.
WHILE IT MIGHT HAVE BEEN PREFERABLE HAD PAA BEEN ABLE
TO WORK OUT THE DETAILS DISCUSSED ABOVE ITSELF WITH
THE BFG/SENAT, WE BELIEVE CIRCUMSTANCES NOW WARRANT

EMBASSY ASSISTANCE. WE WILL, THEREFORE, PROVIDE PAA
THE MAXIMUM SUPPORT POSSIBLE IN RESOLVING
THESE OUTSTANDING ISSUES.
HILLENBRAND

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